

Mr. Edmonds's Statistical Chart, being the only figures I had available; and I understand these figures are regarded as authoritative by the wholesale merchants of Auckland.

(8.) WHO ARE THE IMMEDIATE BUYERS OF THE GUM FROM THE DIGGERS?

I find that the storekeeper in the immediate vicinity of the gumfields, or in the adjacent townships, is generally the buyer of the gum from the diggers. The latter say that they must sell to this market, and that they have often tried to sell in Auckland to merchants, but always got a lower price than if they had disposed of their gum to the buyer on the fields. This gives ground to the suggestion that there must be a ring, or an understanding between the merchants and the storekeepers to force the diggers to sell to the latter.

(9.) BY WHAT CHANNEL IS THE GUM EXPORTED?

The kauri-gum is usually exported by three or four Auckland firms to London direct, and from thence to New York, Germany, or Austria. Shipments are also occasionally made to the two latter countries *via* Sydney.

GRADING, AND APPOINTMENT OF GUM-GRADERS.

The most important point, to my mind, in connection with the kauri-gum industry is the lack of uniform grading. The want of such a system is responsible for the multiplicity and the fluctuation of prices, the dissatisfaction and uncertainty among the British and American buyers, and also for the weakening of the average price of samples of New Zealand gum.

I consider that the adoption of a system of compulsory grading of all gum before it leaves the Dominion is the chief remedy for most of the evils which attach to the industry at present.

There cannot be any valid reason against systematic grading, as grading is done at present by every exporting house in the trade. The trouble lies in the fact that each exporter grades to suit his own particular fancy, and establishes what he calls his brands, and on this basis attempts to do business, irrespective altogether of whether the arrangement may be suitable or advantageous to the consumer.

In support of the contention that there should be a system of uniform grading, it has been proved to me that, if one merchant adopts certain standards and another merchant adopts others, the gum which the one classes as No. 4 may be classed by the other as No. 8; consequently there would be two samples of gum from the same fields differently classified, though they were of exactly the same quality. The effect of such a state of things is that there are variations in prices which benefit neither the buyer nor the seller.

A proof of the above is the dissatisfaction which exists among British and American buyers. If buyers are forced to purchase one grade of gum under three or more distinct classifications, it is obvious that they must exercise much greater care in accepting parcels from this country than would be necessary under a uniform standard of classification. It is clear that Government grading—or, rather, grading carried on under a universal classification sanctioned and defined by the Government—must inevitably harden the average price of samples, for the buyer would know exactly what he was doing (as standard samples would be sent to all markets), and could therefore afford to reduce the margin which he must at present allow for wastage and for increased cost of sorting. Furthermore, such grading would improve the standard of the whole industry, and thus enable it better to meet the world's competition.

Every variety and quality of gum can be as easily graded to suit the proposed Government standard as they are now graded to suit the requirements of the Auckland merchants. There is a great tendency to disparage any attempt being made to grade the gum, and consequently a large quantity is shipped out of New Zealand ungraded. This must entail considerable loss to the producers, and the sorters in Auckland.

The Auckland merchants have a very strong objection to grading; but I am convinced that a standard system would benefit the Dominion as a whole, and would place the industry on a sound business footing, bringing it up to a level with other graded products such as flax, butter, &c. The gambling element now attached to the trade would also by this means be effectually eliminated.

I cannot too strongly emphasize the fact that it is not only desirable from every point of view, but *absolutely vital to the industry*, that the Government should step in and standardise the industry by standardising the gum.

The objection to Government grading comes not from the buyers or the diggers, but from the wholesale exporters and the brokers, who say that grading cannot be satisfactorily carried out. This contention is incorrect, and is prompted by the fact that, if the numerous elementary methods now in vogue were done away with, the profits which the brokers now make would go to those to whom they really belong—the diggers.

The storekeepers, diggers, and sorters are all in favour of the Government enacting a measure requiring the grading of kauri-gum under conditions similar to those under which butter is graded. They consider that all cases should be stamped with the name of the exporter, and that the grade should be branded on the outside of the package. A penalty should be inflicted on any one removing or attempting to remove the brand or the grade-mark from the package. There is a strong feeling amongst the storekeepers that the gum is tampered with, and other inferior gums added. Complaints have also been made by some varnish-manufacturers that kauri-gum bought in London contained other ingredients—*i.e.*, ingredients foreign to the nature of true kauri-gum. It has been reported to me that an inferior variety of gum is imported from Noumea, in New Caledonia, to Auckland, and is there mixed with the lower grades of kauri-gum for export.